


BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2001-423-C - ORDER NO. 2002-342
APRIL 26, 2002

IN RE: Consumer Advocate for the State of)	ORDER
South Carolina,)	DENYING
)	PETITION
Complainant,)	
)	
vs.)	
)	
BellSouth Telecommunications, Inc.,)	
)	
Respondent.)	



This matter comes before the Public Service Commission of South Carolina (the Commission) on the Petition for Reconsideration and/or Clarification of Order No. 2002-207, filed by the Consumer Advocate for the State of South Carolina (the Consumer Advocate).

A brief history of the matter would be useful in putting the Petition into the proper perspective. On October 30, 2001, BellSouth Telecommunications, Inc. (BellSouth) lowered access charges from \$.03 to \$.02 per minute. The annual revenue impact was a reduction of \$8,403,547. On October 30, 2001, BellSouth implemented, under its alternative regulation plan, rate increases for directory assistance and vertical services to offset the reductions. The annual revenue impact was an increase of \$8,226,722.

The Consumer Advocate filed a Petition for Investigation, stating that (1) the price increases were not in the public interest; (2) reductions in access may place further demands on the Universal Service Fund (USF); and (3) reductions in access could lead to greater demand on the Interim-LEC fund. BellSouth responded with a Motion to Dismiss the Petition for Investigation.

On March 20, 2002, this Commission issued Order No. 2002-207, which granted BellSouth's Motion to Dismiss. On April 9, 2002, the Consumer Advocate filed its Petition for Reconsideration and/or Clarification. The Petition asserts that this Commission acted in an "arbitrary and capricious" and unconstitutional manner and abused its discretion by dismissing the Petition for Investigation. The Consumer Advocate's Petition stated that, even under alternative regulation, prices for all services other than basic service should be set at rates that equal or exceed the long run incremental cost of providing such services. The Consumer Advocate further states that BellSouth has a burden to demonstrate that its prices meet the aforementioned standard.

On April 19, 2002, BellSouth filed a response to the Consumer Advocate's Petition for Reconsideration. BellSouth asserts that we should deny the Petition based on the following grounds: (1) the Consumer Advocate did not raise the cost issue in its Petition for Investigation; (2) the Commission requires BellSouth to set all services, other than basic services, at rates that equal or exceed long run incremental cost. The Consumer Advocate has not alleged that BellSouth's current access rate is below cost. The current law requires that BellSouth file tariffs which equal or exceed long run incremental cost and there is no requirement that BellSouth demonstrate its costs simultaneously with a price change.

We agree with the assertions made by BellSouth in its response to the Consumer Advocate's Petition. First, indeed, the Consumer Advocate did not raise the cost issue in its Petition for Investigation. Second, the current law, indeed, requires that BellSouth file tariffs which equal or exceed long run incremental cost. There is no allegation in the present case that BellSouth's current access rate is below cost. Also, there is no requirement that BellSouth demonstrate its costs simultaneously with a price change.

According, the Consumer Advocate's Petition is dismissed and denied.

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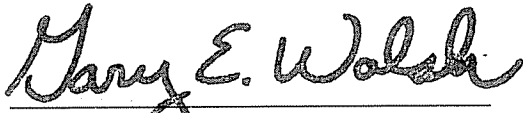
This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

A handwritten signature in dark ink, appearing to read "William K. ...", written over a horizontal line.

Chairman

ATTEST:

A handwritten signature in dark ink, clearly legible as "Mary E. Walsh", written over a horizontal line.

Executive Director

(SEAL)